

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

May 13, 2003

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**FROM:** JAMES A. FELTEN, Public Health Programs Administrator  
Department of Public Health

**SUBJECT: AGREEMENT WITH THE STATE OF CALIFORNIA, DEPARTMENT OF  
HEALTH SERVICES FOR REIMBURSEMENT OF LOCAL MEDI-CAL  
ADMINISTRATIVE ACTIVITIES – STATE CONTRACT NO. 03-75084**

**RECOMMENDATION:** Approve State of California Agreement Number 03-75084 with the State Department of Health Services to provide reimbursement of eligible Medi-Cal Administrative Activities (MAA) for the period July 1, 2003 through June 30, 2006 for the maximum amount of \$37,000,000 as follows:

|   |                     |
|---|---------------------|
| (a) July 1, 2003 through June 30, 2004— | \$ 9,000,000        |
| (b) July 1, 2004 through June 30, 2005— | \$12,000,000        |
| (c) July 1, 2005 through June 30, 2006— | \$16,000,000        |
| <b>Total</b>                            | <b>\$37,000,000</b> |

**BACKGROUND INFORMATION:** This item recommends approval of a master agreement through which the Department of Public Health (DPH) will process Medi-Cal Administrative Activities claims as a "pass-through" agency for the purpose of claims on behalf of the Department of Aging and Adult Services (DAAS), Public Guardian, Apple Valley Unified School District (AVUSD), Chino Valley Unified School District (CVUSD), Colton Joint Unified School District, Ontario/Montclair School District (OMSD), Rialto Unified School District (RUSD), and Victor Valley College (VVC).

In 1991, the California Legislature enacted SB910 to amend California's Federal Medicaid Plan to allow counties to bill the Centers for Medicare and Medicaid Services (formerly known as Health Care Finance Administration) for planning, administration, and other assistance activities related to the Medicaid Program. The State utilizes agreements with local government agencies to support federal reimbursement of Medi-Cal Administrative Activities (MAA). MAA costs are claimed through the State Department of Health Services. In San Bernardino County, DPH performs activities on behalf of the State Department of Health Services to assist in the proper and efficient administration of the Medi-Cal program by ensuring the availability and accessibility of Medi-Cal services to Medi-Cal eligible and potentially eligible individuals and their families. MAA activities include, but are not limited to, outreach, application assistance, program planning, policy development, and staff training.

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The California Welfare and Institutions (W&I) Code Section 14113 requires the State to enter into cooperative arrangements with other agencies or departments responsible for health services to ensure the appropriate utilization of the services. The County Superintendent of Schools is designated as the Local Education Consortium (LEC) for San Bernardino County, and DPH is designated as the Local Government Agency (LGA) responsible for providing health related administrative activities in San Bernardino County.

School districts normally submit their claim plans and claims for Medi-Cal related services through their LEC. Alternatively, school districts may request that the LGA provide these services. As the LGA, DPH will perform the administrative function of forwarding Claim Plans and claims to the State. The Claim Plan represents the total annual budget for each agency, while a Claim represents the quarterly invoice for services provided. DPH is simply filing the claims for the other agencies. DPH is a "pass-through" agency for the purpose of claims and will retain four percent of the claim as a reimbursement for this service. The following County departments and School districts are requesting that DPH process their MAA claims as a "pass-through" agency on their behalf with an estimated dollar amount for the three fiscal years. These are:

| <b><u>Claiming Unit</u></b>          | <b><u>FY<br/>2003/2004</u></b> | <b><u>FY<br/>2004/2005</u></b> | <b><u>FY<br/>2005/2006</u></b> | <b><u>Total</u></b> |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------|
| Aging and Adult Services             | 800,000                        | 1,161,000                      | 1,412,000                      | \$3,373,000         |
| Public Guardian                      | 600,000                        | 700,000                        | 800,000                        | \$2,100,000         |
| Public Health                        | 800,000                        | 900,000                        | 1,100,000                      | \$2,800,000         |
| Apple Valley Unified School District | 165,000                        | 165,000                        | 165,000                        | \$495,000           |
| Chino Valley Unified School District | 1,350,000                      | 1,650,000                      | 2,250,000                      | \$5,250,000         |
| Colton Joint Unified School District | 400,000                        | 900,000                        | 1,400,000                      | \$2,700,000         |
| Ontario/Montclair School District    | 2,000,000                      | 2,500,000                      | 3,000,000                      | \$7,500,000         |
| Rialto Unified School District       | 1,885,000                      | 2,524,000                      | 3,873,000                      | \$8,282,000         |
| Victor Valley College                | 1,000,000                      | 1,500,000                      | 2,000,000                      | \$4,500,000         |
| <b>Total</b>                         | <b>9,000,000</b>               | <b>12,000,000</b>              | <b>16,000,000</b>              | <b>\$37,000,000</b> |

This service agreement is in the County's best interest as the revenues associated with assisting other agencies will cover the cost of providing this support while helping to reduce the County's costs for filing DPH's own claims with the State.

On June 25, 2002, the Board approved an amendment to DPH's contract with the State for filing of MAA claims for the period July 1, 2001 through June 30, 2003. This agreement will allow DPH to file MAA claims on behalf of the agencies listed above for the period July 1, 2003 through June 30, 2006. DPH will return to the Board for approval of agreements with these agencies. The agreements will be effective for a period of two years and will be automatically renewed each year thereafter unless either party terminates them. On March 18, 2003, the Board approved Agreement Numbers 03-241 and 03-242 with Apple Valley Unified School District and Victor Valley College for the period September 1, 2001 through August 30, 2003.

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**REVIEW BY OTHERS:** This agreement and item has been reviewed by County Counsel (Charles Larkin, Deputy County Counsel) on April 30, 2003. This item has also been reviewed by the County Administrative Office (Beatriz Valdez, Administrative Analyst) on May 5, 2003.

**FINANCIAL IMPACT:** Approval of this item will result in no local cost to the County. Expenditures are fully reimbursable through the contract with the State. The increased costs and revenues associated with performing LGA functions will be distributed based on the estimated annual claims for three (3) years and the following percentage methodologies:

|   |     |
|---|-----|
| Agency Reimbursement                    | 96% |
| Administrative Fee (retained by County) | 4%  |

No additional appropriation is required as the claims only and not the funds are passed through. The Department has included in its FY 2003-04 budget the estimated revenue to be generated by the 4% Administrative Fee. Administrative fees paid by participating agencies are fully reimbursed by the State.

**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item and concurs with the Department's proposal and recommends this action because revenues fully cover all costs associated with providing this service and partially offset County costs associated with filing DPH's Medi-Cal claims.

**SUPERVISORIAL DISTRICT (S):** All

**PRESENTER:** James A. Felten, Public Health Programs Administrator, (909) 387-9146

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